



Business & Legal Developments in Silicon Valley

FOLEY
FOLEY & LARDNER LLP

Friends,

Please find below our July monthly newsletter about the global Silicon Valley.

In this issue, we share news, insights, data and practical solutions to business and legal challenges in entrepreneurship and investing. We share some thoughts on how changing market conditions on Wall Street are impacting the Global Silicon Valley, and offer some tips on fully capitalizing on the tax code to optimize returns and how to navigate acqui-hires. As crypto-winter rages snowstorms, we put on our heavy winter gear and dissected new proposed cryptocurrency legislation and regulation, and helped our clients raise capital and launch NFT marketplaces.

We also share some highlights or recent “in real life events.” With Silicon Valley finally opening up, we hosted dinner for the National Association of Corporate Directors in Palo Alto and served cocktails for our friends in San Francisco.

Our team’s market positioning for legal services in the Global Silicon Valley is based on providing commercial strategies and solutions that make sense, enabled by the latest legal technology tools. In May, we announced the launch of our website [Foley Ignite](#), which is a technology-enabled platform designed to support the needs of startups, founders, emerging growth companies, and the entire investor community. In June, we announced the launch of our law firm’s new AI-based solution to facilitate contract review, called “[Foley Equipped](#).” The tool is designed to quickly identify and prioritize missing and important provisions during contract review.

With the Fourth of July behind us, the pace of change never stops, even as we sprint into summer.

We are grateful for your trust and confidence, and hope to see you all in real life soon.

Your Foley & Lardner Silicon Valley team ([Natasha Allen](#), [Eric Chow](#), [Brandee Diamond](#), [Louis Lehot](#) and [André Thiollier](#)).

Foley Launches Artificial Intelligence Assisted Contract Review Solution

Foley & Lardner LLP announced today the launch of *Foley Equipped*, a solution powered by ThoughtRiver that harnesses artificial intelligence (AI) to quickly identify and prioritize missing and important provisions during contract review. *Foley Equipped* makes it possible for Foley’s clients to have agreements reviewed faster, leading to more closed deals all while mitigating risk.

[Learn More](#)

Rising Interest Rates Could Mean Even More M&A Deals Structured with Cash and Equity

What to Consider When Structuring a Cash and Equity Transaction

We have enjoyed low interest rates for years, leading to an increase in all-cash acquisitions. As valuations soared in 2021, we saw private equity firms seeking to mitigate risk by requiring sellers to roll a higher percentage of equity than ever before, sometimes at 50% levels and above. With market valuations tumbling, we are seeing and expect to see more equity with equity in deals into the second half of 2022.

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As the Market Moves Underneath Our Feet, Where Are Financing Terms Going?

There has been a great deal of change over the past year and a great deal of turmoil that is having a significant economic impact. We are seeing the implications everywhere from the gas pump to the grocery store to Wall Street. Therefore, it's not surprising that all of this is impacting startup valuations and venture capital funding, creating an environment that is in stark contrast to what we were seeing just seven months ago.

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Qualified Small Business Stock: Some Interesting Questions

Section 12021 is a once-obscure tax saving provision that has come into prominence in the last few years. Originally passed in 1993 as a 50% capital gain exclusion, it has been amended several times since. In its current iteration, Section 1202 allows for a 100% capital gain exclusion for the sale of qualified small business (QSB) stock (QSBS), if its requirements are met, and subject to caps.

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Foley & Lardner Hosts Event in Collaboration with the NACD California Chapter

Foley & Lardner LLP recently hosted a private event in collaboration with the National Association of Corporate Directors (NACD) Northern California Chapter. Foley Partners [Natasha Allen](#), [Louis Lehot](#) and [André Thiollier](#), along with Lisa Spivey and Haley Huckin of NACD, welcomed more than 25 directors from Silicon Valley companies for a discussion on governance issues percolating amidst some of the most turbulent and volatile markets since the great financial crisis.

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Foley Represents Acrobator Ventures as a Lead Investor in \$3.6M Funding Round for Binarly

Foley & Lardner LLP represented Amsterdam's Acrobator Ventures as one of the lead investors in the latest \$3.6 million funding round for Binarly. Based in Los Angeles, California, Binarly is focused on firmware for the supply chain. WestWave Capital joined Acrobator as a lead investor in this round, which will help Binarly speed up R&D initiatives, expand its engineering team, and scale its technologies.

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All About Acquired Acqui-Hires

Foley & Lardner LLP Partner [Louis Lehot](#) was quoted in a *They Got Acquired* article titled, "[Acqui-hire opportunity? You'll want to retain your team. Here's how to convince them.](#)" The article discusses acqui-hires amid the tight hiring market for the tech industry.

[Learn More](#)

Are Crypto's Wild West Days Coming to an End

Foley & Lardner LLP Partners [Louis Lehot](#) and [Patrick Daugherty](#) were quoted in a *CNET* article, "[Crypto's Wild West Days Are Coming to an End,](#)" discussing cryptocurrencies regulation and proposed bills. Up until now, cryptocurrencies have been largely unregulated. That may change soon and some argue that the U.S. Securities and Exchange Commission (SEC) would stifle innovation.

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Louis Lehot, Ethan Floyd, and Tiffany Young Discuss Plaintiffs Firms in the Metaverse

Foley & Lardner LLP Partner [Louis Lehot](#) and Associates [Ethan Floyd](#) and [Tiffany Young](#) were quoted in an article, "[Is the Metaverse Plaintiffs Firms' New Chatbot?](#)," in *The National Law Journal* discussing how plaintiffs firms are contemplating a virtual office in the metaverse. "Given that the future of work has moved from the offline physical world into a hybrid online environment, the metaverse will only grow larger in significance," Lehot explains. He added that "law firms that are most accommodating in the places where demand is greatest 'will enjoy outsized returns.'"

[Learn More](#)

The M&A Process

In this video, [Louis Lehot](#) and [Natasha Allen](#), partners at Foley & Lardner LLP, demystify for entrepreneurs, C-suite executives and investors the M&A process. This videoblog will provide an overview of the 8 key stages that typically occur as a company goes through a M&A transaction.

[View Video](#)

Going Global

In this video, Silicon Valley lawyer [Louis Lehot](#), partner at Foley & Lardner LLP, explains that the path for successful startups will inevitably lead to the decision to "go global." Louis explains the key considerations about whether to go direct, set up a local branch, go through a distributor, or set up a subsidiary, and some dangerous pitfalls to avoid.

[View Video](#)

Founder Equity

In this video, Silicon Valley lawyer [Louis Lehot](#), partner at Foley & Lardner LLP, shares his advice for founders on how to issue founders' stock at formation, how to split it up, and how to vest it over time.

[View Video](#)

What Happened to Venture in Q2'22?

[State of Venture](#) — Venture overall saw some of the biggest declines in a decade

[State of Retail Tech](#) — Funding slowed dramatically (-43% QoQ)

[State of Digital Health](#) — M&A activity fell for the fourth consecutive quarter

[State of Fintech](#) — Funding saw the lowest levels since Q4'20

Events, Deal Announcements, and Quotables

- [Foley & Lardner San Francisco Cocktail Reception](#)
- [Foley Hosts Discussion on Future of Primary Care Across Africa](#)

We are hiring!

Click [here](#) for further details and to apply.

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